

WHAT ROLE DOES THE EUROPEAN UNION PLAY IN INTERNATIONAL DEVELOPMENT?

As a body of 28 member states and with a combined GDP of close to US\$20tn, greater than that of the US, the actions of the European Union (EU) have the potential to impact heavily – either negatively or positively – on international development cooperation. Ahead of the EU referendum in the UK, this briefing argues neither for nor against membership of the EU, but presents information about the EU's current role in development, to help inform considered debate.

European development cooperation: how does it work?

The legislative framework is provided by the Lisbon Treaty, the Cotonou Agreement, and the Regulations governing the various financial instruments, for example, the Development Cooperation Instrument.

The Lisbon Treaty mandates a focus on poverty reduction and also specifies that the EU must take account of the objectives of development cooperation in all policies that are likely to affect developing countries. The Cotonou Agreement, governing aid, trade and political relationships between the EU and 79 developing countries in Africa, the Caribbean and the Pacific (the ACP group), has a similar focus on poverty reduction in the context of sustainable development.

Both the Lisbon Treaty and the Cotonou Agreement are strongly rooted in values. In the Lisbon Treaty, these include 'respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail' (Article 2). The Cotonou Agreement has a similar list, describing these as 'essential elements' (Article 9).

Within the overall sphere of development cooperation, the EU leads explicitly in some areas, whereas in others it shares the mandate with the Member States, and in others still has a subsidiary role. These are described in terms of the EU having 'exclusive competence', 'shared or parallel competence' or the competence to 'support, coordinate or supplement' the action of Member States. Trade is an exclusive competence. Development aid and climate change are both parallel competences.

How does the EU finance development?

Overall spending by the EU is governed by the Multi-Annual Financial Framework, approved on a seven-year cycle, and currently running from 2014–20. The European Development Fund (EDF), designed to finance development work in the ACP countries, is additional to this budget. Putting the two together, the overall envelope for development amounts to about €80bn over the seven-year period, of which €50bn comes from the budget and about €30bn via the EDF. This amounts to about 7 per cent of planned EU spending.

In 2014, the European institutions provided about US\$16bn of Official Development Assistance (ODA). Over a third of EU ODA is allocated to Upper-Middle-Income Countries (UMICs) and less than a quarter to Least Developed Countries (LDCs). This is because a number of large recipients in the EU's immediate neighbourhood appear on the international list of ODA-eligible countries. In 2013, the largest recipient of EU ODA by far was Turkey, followed by Serbia, Morocco, Tunisia and Egypt. In sectoral terms, economic and social infrastructure are the largest sectors. Development spending consists mainly of grants, but includes some lending and blended finance through the European Investment Bank.

Accountability for the management of EU ODA is achieved through multiple sources, including: the Commission's own evaluation work; the EU Court of Auditors; and the European Parliament.

European development cooperation: how well does it work?

A key evaluation question is 'compared to what?' In this case, comparative information is available from indices like the Commitment to Development Index and the Quality of Development Assistance index (QuODA), which are assessments of the quality of ODA provided by 35 donor countries and over 100 aid agencies. The UK Government has also assessed the quality of European development cooperation in its Multilateral Aid Reviews (MAR).

The overall Commitment to Development Index does not score the European Commission independently of the Member States, and does not cover all Member States. However, it is notable that EU Member States occupy 16 of the top 20 places, summing across seven different sets of indicators, covering aid, trade, technology, security and other issues. The EU is a prime actor on most of these topics.

Aid

In terms of aid, the QuODA index shows the European aid programme as being average or slightly better than average on the four key dimensions: maximizing efficiency; transparency and learning; reducing the burden (on developing countries); and fostering institutions. The UK is scored about the same as the European aid programme on one indicator (transparency and learning) and slightly higher on the other three.

The OECD's Development Assistance Committee, which last carried out a review of the EU in 2012, concluded at that time that 'the size, geographical reach and partnership dimension of the European Union's (EU) aid programme makes it a formidable player in global development'.

DFID's last MAR in 2011, and an update in 2013, gave good scores to the European Commission's Humanitarian Aid and Civil Protection (ECHO) department and the EDF, but a lower score to programmes funded from the budget, mainly because they had a lesser focus on the poorest countries. Since the publication of the EU's current policy framework, Agenda for Change, in 2012, the EU has reduced the number of middle-income countries receiving aid (a policy known as 'differentiation') and also invested in joint programming with Member States, an approach now in place or under development in more than 25 countries.

It is worth noting that aid has been found to be a good investment, for developing countries and for the EU itself (in a report by the Overseas Development Institute and the National Institute of Economic and Social Research), which fully recoups the cost because of increased trade made possible, for example, by investments in infrastructure.

Trade

With regard to trade, historical abuses associated with the Common Agricultural Policy, including export subsidies, have mostly been eliminated. The EU gave duty free access to all imports from Least Developed Countries under the Everything But Arms initiative, in 2001, and has launched Economic Partnership Agreements with a number of developing country regions, albeit sometimes controversially (especially with regard to reciprocal trade access and the delimitation of regions). The EU is also engaged in trade negotiations with other developed countries, especially the Transatlantic Trade and Investment Partnership (TTIP); these are also controversial and have implications for developing countries. The EU has been an influential voice at the World Trade Organization, for example on issues of Aid for Trade and the liberalisation of trade in services.

A new trade policy was published at the end of 2015. The policy is entitled 'Trade for All: Towards a More Responsible Trade and Investment Policy'. It emphasises the important role trade plays for Europe and for developing countries. More than 30 million jobs in the EU are supported by exports outside the EU. Excluding energy, the EU imports more from developing countries than the US, Canada, Japan and China put together.



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The policy acknowledges debates about the uneven impact of trade on living standards and concerns about transparency. It commits strongly to a values-based approach to trade and investment, reflecting the interest of consumers in corporate social responsibility, effective regulation, and human rights. It also links strongly to the new Sustainable Development Goals and commits to supporting inclusive growth, as well as fair trade and ethical trade.

Climate

Climate change in relation to development has been firmly on the agenda in Europe, as demonstrated by the work by IDS in 2010 for the European Development Co-operation on Climate Change to 2020. In October 2014, the European Council set the 2030 climate and energy policy framework for the EU, agreeing an ambitious economy-wide domestic target of at least 40 per cent greenhouse gas emission reduction from 1990 levels by 2030, as well as targets for both renewable energy and energy efficiency of at least 27 per cent. These targets have been reconfirmed following the Paris climate deal, and mark a staging point on the road to emissions reductions of 80–95 per cent by 2050. A revision of the European Emissions Trading Scheme is underway. It is notable that the EU budget to 2020 specifies that 20 per cent of all spending should be on climate-related action. The EU's commitment at the Paris talks, its Intended Nationally Determined Contribution (INDC), was rated 'medium' by the Climate Action Tracker, behind leading nations like Costa Rica or Morocco, who qualified as 'sufficient', but ahead of many others, including Australia, Canada and Japan, who were rated as 'inadequate'.

Externally, the EU has made a significant commitment to climate diplomacy, and played a constructive role in the setting up of the High Ambition Coalition for the Paris talks. This began as an alliance between the EU and the ACP, and represented a new initiative cutting across the traditional boundary of the G7 and the G77. Operationally, the EU has invested in key climate change priorities, including resilience and renewable energy. The Global Climate Change Alliance is a vehicle for EU and Member State collaboration on climate change programmes.

Reviewing the EU's commitment to climate change in November 2015, the European Think-Tanks Group commented that 'the experience of the 2020 Climate and Energy Package proved that a combination of high-level targets (e.g. for greenhouse gases, renewables and energy efficiency) and EU-minimum standards, measures and implementation guidelines stipulated in sector-specific legislation, can be very effective'.

Security

Violent conflict and insecurity affect more than 1.5 billion people globally and there are more than 50 fragile, conflict-prone or conflict-affected countries in which the EU has a presence or an interest. Increasingly the strategic spillover from unaddressed violent conflict in Africa, the Middle East and the European neighbourhood has a direct impact on the EU and its citizens. Countries such as Syria, Ukraine, the Central African Republic, Egypt, Iraq, Libya and Mali have all been on the agenda at the top table of EU decision-making.

Foreign and security policy is a 'special competence', outside the standard framework. However, EU Member States have committed themselves to a Common Foreign and Security Policy (CFSP) and European Security and Defence Policy; and the EU has developed capabilities in this area, managed by the European External Action Service (EEAS). In many parts of the world, the EU has tried to play the role of 'best supporting actor' to the UN, regional organisations, national authorities or civil society, often responding quickly once the crisis phase has been reached. At the end of 2015, there were some 17 EU police or military missions across the Sahel and the Horn of Africa, in former Yugoslavia, Palestine and Ukraine, among others.

Evaluations of the EU's efforts have shown that the building blocks are in place, and that there have been strategic successes (for example, on Somali piracy). Further progress depends on the strategic positioning of EU Member States and their desire for greater coordination. However, there is no evidence of any appetite for the EU to replace NATO.



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Migration

Migration has risen to the top of the agenda because of the current crisis in the Mediterranean. More than one million refugees and other migrants arrived in the EU by sea in 2015 alone.

No one will pretend that the issue has yet been managed effectively, from the perspective of refugees and migrants on the one hand, and the EU's unity on the other. Efforts continue to broker an EU-wide solution to the crisis, including via the latest deal with Turkey to turn back refugees crossing illegally by sea and instead take up to 72,000 refugees from camps in Turkey into the EU. This will be within the total already agreed (though in the face of opposition from some Member States) for the resettlement of 160,000 refugees across Europe.

At the same time, the EU has developed other initiatives, under the auspices of the Global Approach to Migration and Mobility (GAMM). These include Mobility Partnerships and Common Agendas for Migration and Mobility. The former have been signed with countries like Moldova, Georgia, Armenia and Morocco; the latter with Ethiopia and Nigeria. The Ethiopia agreement, for example, touches on areas like the rights of refugees; the need to reduce the activities of people smugglers; and initiatives to better manage legal migration, including action on remittances.

Reviewing the policy in October 2015, researchers from the Overseas Development Institute (ODI) concluded that 'there (were) three fundamental structural reasons for the failure to deliver a comprehensive and effective EU approach to the refugee crisis: the system of parallel competences that allows Member States to pursue their own policies alongside EU policy; the co-existence of too many actors who want their say in policies and who come from very different policy areas with varying if not conflicting interests; and fragmented, and in some cases, overlapping funding instruments'. The researchers concluded that there (were) a number of incremental steps the EU could take to overcome these constraints, including by appointing a senior political advisor to build bridges between the external and internal dimension of migration and asylum policies across the EU system and between the EU institutions and the Member States.

Future plans

European development cooperation is in constant flux. In 2016, there will be a new global strategy, updating the former security strategy. Work will be launched on a new Consensus on Development. There will also be discussions about the future of the partnership with ACP countries. In 2017, there will be a review of the main financial instruments, including the European Development Fund.

Further reading

[DAC brief on EU aid](#)

[Increasing the impact of EU Development Policy: an Agenda for Change \(2011\), EU Commission](#)

[2015 Annual Report on the European Union's development and external assistance policies and their implementation in 2014, EU Commission](#)

[Our Collective Interest: Why Europe's problems need global solutions and global problems need European action \(2014\), European Think Tanks Group Report](#)

[Trade for All - New EU Trade and Investment Strategy \(2015\) EU Commission](#)

Credits

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Institute of Development Studies, Brighton BN1 9RE UK
T +44 (0) 1273 606261 F + 44 (0) 1273 621202 E ids@ids.ac.uk W www.ids.ac.uk